

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 315 - HB 421

February 12, 2009

SUMMARY OF BILL: Authorizes the State of Tennessee to issue direct general obligation interest-bearing bonds in amounts not to exceed \$262,000,000. Of this amount, \$170,000,000 shall be expended for the purpose of making grants to the Industrial Development Board and the Health, Educational and Housing Facility Board of the City of Chattanooga for the purpose of acquisition of equipment, site preparation, building construction, and infrastructure improvements related to the Volkswagen Project; the remaining \$92,000,000 shall be expended for the purpose of making grants to the Industrial Development Board of Montgomery County and to the Tennessee Board of Regents for the purpose of acquisition of equipment, site preparation, building construction, and infrastructure improvements related to the Hemlock Semiconductor Project. Authorizes the funding board to issue bonds in amounts not to exceed 2.5 percent of the amount specified above for funding discount and costs of issuance.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$28,820,000 – 1st Year Debt Service

\$427,060,000 Over life of the bonds

\$262,000,000 Principal

\$165,060,000 Interest

Assumptions:

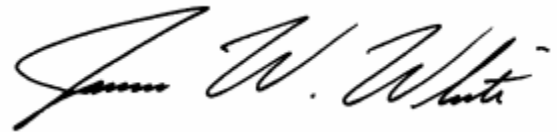
- All projects authorized by this act shall be approved by the State Building Commission.
- Bonds may be designated as college savings bonds pursuant to the Baccalaureate Education Savings for Tennessee Act.
- The coupon rate is estimated to be six percent.
- Bonds are issued for a term of 20 years.
- One-twentieth of the principal plus interest will be paid annually.

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- Based on current bond market rates, it is estimated that the cost of capital reflected by a six percent coupon rate will be sufficient for paying actual first-year debt service plus any costs of issuance.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/rnc